UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF TEXAS
MARSHALL DIVISION

SYNQOR, INC.	§	
	§	
v.	§	**Case No. 2:14-cv-287-RWS-CMC**
	§	**SEALED**
VICOR CORPORATION	§	

ORDER

The above-referenced cause of action was referred to the undersigned United States Magistrate Judge for pre-trial purposes in accordance with 28 U.S.C. § 636. The following motions are before the Court:

Vicor Corporation's Motion to Stay (Docket Entry # 239); and

SynQor, Inc.'s Motion to Recalendar Final Pretrial Conference, Set a Pretrial Schedule, and Set a Trial Date (Docket Entry # 240).

The Court, having considered the relevant briefing, is of the opinion Vicor's motion should be **GRANTED** and this case should be **STAYED** pending completion of the *inter partes* reexaminations and any appeals of the reexamination decisions to the Federal Circuit Court of Appeals.

SynQor's motion is **DENIED.**

I. BACKGROUND

In this litigation, SynQor, Inc. ("SynQor") alleges Vicor Corporation ("Vicor") indirectly infringes four patents relating to unregulated bus converter technology. All four of the patents-in-suit (the '190 patent; the '021 patent; the '702 patent; and the '290 patent) are currently undergoing *inter partes* reexaminations before the U.S. Patent Trial and Appeal Board ("PTAB").

By way of background, SynQor initially named Vicor and Cisco Systems, Inc. ("Cisco") as co-defendants in a single lawsuit. (Cause No. 2:11cv54). In March of 2014, the two cases were severed into separate actions. (Cause No. 2:14cv286 against Cisco)(Cause No. 2:14cv287 against Vicor).

On July 13, 2015, Cisco filed a motion to stay the Cisco litigation pending the outcome of the reexaminations of the '190, '021, '702, and '290 patents that Vicor had initiated. The Court denied the motion, finding a stay would not enhance efficiency because only certain of the claims asserted against Cisco were in review proceedings and two of the asserted patents were not. Based on the same findings and rationale, District Judge Schroeder overruled Cisco's objections to the undersigned's denial of the motion to stay ('286 case, Docket Entry #289).

II. THE PARTIES' MOTIONS

Now, Vicor moves to stay this case pending the final decisions of the PTAB and Federal Circuit regarding the patentability and invalidity of the four patents asserted against Vicor in this action. SynQor opposes the motion to stay. In a separate motion, SynQor asks the Court to move the current January 13, 2016 pretrial conference approximately two months, to mid-March 2016, and enter a pretrial schedule and a trial date. In response, Vicor requests the Court vacate the January 13, 2016 pretrial conference date and either deny SynQor's motion as premature or defer ruling on the remainder of SynQor's requested relief until final resolution of Vicor's motion to stay. The Court first considers whether Vicor's motion to stay has merit.

III. APPLICABLE LAW

A district court has the inherent authority to stay proceedings. "[T]he power to stay proceedings is incidental to the power inherent in every court to control the disposition of the causes on its docket with economy of time and effort for itself, for counsel, and for litigants." *Landis v. N. Am. Co.*, 299 U.S. 248, 254 (1936). In deciding whether to stay a proceeding, the

Court "must weigh competing interests and maintain an even balance." *Id.* at 254–55. In particular, the Court "must first identify a pressing need for the stay, and then balance those interests against interests frustrated by the action." *In re Sacramento Mun. Util. Dist.*, 395 F. App'x 684, 687–88 (Fed. Cir. 2010) (citing *Cherokee Nation of Okla. v. United States*, 124 F.3d 1413, 1416 (Fed. Cir. 1997)). District courts typically consider the following three factors when determining whether to stay a case pending resolution *of inter partes* review of a patent-in-suit: (1) whether the stay will simplify issues in question in the litigation; (2) whether the stay will unduly prejudice the nonmoving party; and (3) whether the proceedings before the Court have reached an advanced stage, including whether discovery is complete and a trial date has been set. *Trover Group, Inc. v. Dedicated Micros USA*, 2015 WL 1069179, at *2 (E.D. Tex. Mar. 11, 2015)(Bryson, C.J.).

IV. DISCUSSION

A. A stay will simplify issues in this litigation

SynQor relies on the Court's recent denial of Cisco's motion to stay pending reexamination, pointing out the similarities between the two cases. According to SynQor, these similarities demonstrate Vicor's requested stay is no more appropriate than was Cisco's. The Court disagrees. There are important differences between the related cases, two of which are discussed in consideration of this factor, which warrant a different result from that reached in the Cisco case: (1) all of the asserted patents are in *inter partes* reexaminations, as opposed to only some; and (2) the reexaminations at issue were initiated by Vicor in 2011-2012, carrying the force of estoppel in this case.

In connection with the first reexamination to reach the Federal Circuit, the Federal Circuit invalidated nine claims of the '190 patent, including two asserted claims, and remanded the remaining claims to the PTAB for further obviousness determinations consistent with its rulings. Vicor argues the Federal Circuit's findings as to several claims of the '190 patent are likely to impact the patentability of the remaining asserted claims across all of the pending reexaminations. Based on the reasoning of the Federal Circuit's ruling on the '190 patent, the PTAB determined all of the asserted claims of the '021 patent are unpatentable. According to Vicor, SynQor has conceded the architecture claimed in all four patents is substantially identical; thus, completion of the remaining reexaminations is reasonably likely to invalidate each and every patent claim asserted in this litigation.[1] Even if it does not, Vicor contends the preclusive effect of the *inter partes* reexaminations will streamline any remaining issues for trial.

Unlike the situation in the Cisco case, every patent claim asserted against Vicor here is subject to an *inter partes* reexamination initiated by Vicor. SynQor does not dispute this. In the Cisco case, Cisco was not a party to the reexaminations, and not all of the asserted claims were in reexamination; some claims would need to be adjudicated regardless of the outcome of the reexaminations. In the August 10, 2015 decision denying Cisco's motion to stay, the undersigned found SynQor would be prejudiced by a stay, and this prejudice was not outweighed by the potential simplification of the issues, because the pending reexaminations would not resolve all of the validity issues in the Cisco case.

---

[1] SynQor asserts Vicor overreaches when it asserts the Federal Circuit's findings are expected to be dispositive of all remaining issues. According to SynQor, the PTAB recently confirmed the validity of the claims of the '702 patent, particularly the narrowed claim SynQor plans to present at trial. (Docket Entry # 245 at pg. 7). Vicor's request for rehearing is currently pending. Vicor asserts the '702 PTAB decision made no mention of the recent Federal Circuit decision, making it clear the PTAB did not have the benefit of the Federal Circuit's guidance at the time it ruled. However, even if the '702 patent survives reexamination, Vicor asserts the case will still be greatly simplified because SynQor's expert concedes the vast majority of the accused Vicor products do not meet the "short transitions" limitation claimed by the '702 patent.

In finding the prejudice to SynQor was not outweighed by the potential benefits of a stay, the undersigned specifically noted as follows:

- the Court had already issued report and recommendations on dispositive motions, half of which had been adopted by the Court;
- objections on the remaining report and recommendations had been fully briefed;
- two patents asserted against Cisco were not in reexamination, and thus validity issues concerning those patents would need to be adjudicated regardless of the outcome of the reexaminations; and
- Cisco is not a party to the Vicor reexaminations and thus would not be bound by their results.

(‘286 case, Docket Entry #276).[2]

As urged by Vicor, none of these factors exist in this case. The case against Cisco was substantially ready for trial. Although dispositive motions have been filed in this case, the vast majority have not yet been ruled on, including the following:

- SynQor’s Motion for Summary Judgment on Vicor’s Counterclaims (Docket Entry # 14);
- SynQor’s Motion for Partial Summary Judgment Relating to Infringement by Vicor for Non-Cisco End Products (Docket Entry # 92);
- SynQor’s Motion for Partial Summary Judgment Relating to Infringement by Cisco’s Products Incorporating New CPNs with Vicor Qualified Bus converters (Docket Entry # 93);
- SynQor’s Motion for Partial Summary Judgment Relating to Infringement by Vicor Under 35 U.S.C. § 271(f)(1) (Docket Entry # 94);
- SynQor’s Motion to Exclude Opinions of Alan Ratliff Pursuant to *Daubert* and FED. R. EVID. 702 (Docket Entry # 97);
- Defendant Vicor Corporation’s Motion for Summary Judgment of No Direct Infringement and No Willful Infringement (Docket Entry # 100);

---

[2] In overruling Cisco’s objections to the denial of the motion to stay, Judge Schroeder focused on the fact the pending reexaminations would not resolve all of the validity issues in the case. Additionally, Judge Schroeder noted Cisco is not a party to the Vicor reexaminations and would not be bound by their results.

- Defendant Vicor Corporation's Motion for Summary Judgment that Circuits Containing Vicor Bus converters Do Not Infringe the Asserted SynQor Patent Claims (Docket Entry # 102);

- Defendant Vicor Corporation's *Daubert* Motion to Exclude Opinions of Dr. Steven Leeb (Docket Entry # 103);

- Defendant Vicor Corporation's Motion for Summary Judgment of Indefiniteness (Docket Entry # 104);

- Defendant Vicor Corporation's Motion for Summary Judgment of No Lost Profits (Docket Entry # 105); and

- Defendant Vicor Corporation's *Daubert* Motion to Exclude the Opinions and Testimony of Brett L. Reed (Docket Entry # 106).

SynQor acknowledged in the Cisco case a stay has the potential to simplify litigation where all asserted claims are subject to reexamination and where the defendant agrees to be bound by the result. Here, all the asserted claims are subject to the *inter partes* reexaminations, and those reexaminations have already rendered certain of the asserted claims invalid, thus narrowing the scope of SynQor's allegations. Because all of the asserted claims are in reexamination, the reexaminations may be dispositive of all of SynQor's patent claims.

However, regardless of the outcome of the remaining reexaminations, the Court finds the reexaminations will still streamline the litigation for an additional reason. Unlike defendant Cisco, Vicor will be legally bound by the findings of the PTAB. Because Vicor initiated the reexaminations in question, Vicor will be estopped as a matter of law from asserting any invalidity defense that was, or could have been, brought in the pending reexaminations. As this Court has previously recognized, a parallel reexamination initiated by a litigant carries the force of estoppel. Thus, a stay of this action "can have no other effect but to streamline ongoing litigation." *EchoStar Technologies Corp. v. TiVo, Inc.*, 2006 WL 2501494, at *3 (E.D.Tex. July 14, 2006)(Craven, J.). This factor weighs heavily in favor of granting a stay.

B. SynQor will not be unduly prejudiced by a stay

SynQor asserts it will be unduly prejudiced by a stay because a stay will delay the eventual grant of a permanent injunction against Vicor's infringing sales. According to SynQor, an injunction may no longer be available if the remaining reexaminations last until after SynQor's patents expire in 2018. SynQor further contends the delay of monetary relief will prejudice SynQor as it would delay SynQor's ability to research and develop new products and otherwise expand its business. Finally, SynQor asserts a stay would diminish the chance that this case could settle.

The overarching issue here is the anticipated length of the stay. According to Vicor, the reexaminations have progressed significantly, with only the appeals process remaining. Vicor contends the anticipated length of the stay will be reasonably short, especially given the PTAB's reexaminations have already been pending for four years and are in the late stages of the process. However, SynQor points out the Court previously found in the Cisco case that SynQor would be prejudiced by a stay of an indefinite duration.[3] Even so, SynQor does not dispute that all of the asserted patents have completed the reexamination prosecution process and are in the appeals process. Nor does SynQor dispute Vicor's statistical expectation that the PTAB should likely issue decisions in the '031 and '702 reexaminations by the spring of 2016.

The Court notes that delay alone is not sufficient to defeat a motion to stay. *NFC Tech, LLC v. HTC Am., Inc.*, 2015 WL 1069111, at *2 (E.D. Tex. Mar. 11, 2015)(Bryson, C.J.). This factor focuses on "the patentee's need for an expeditious resolution of its claim." *VirtualAgility Inc. v. Salesforce.com, Inc.*, 759 F.3d 1307, 1318 (Fed.Cir.2014).

---

[3] Although the Court found SynQor would be prejudiced by a stay of an indefinite duration at the late stage of the litigation, Judge Schroeder explained this was in conjunction with the fact that the validity of the asserted claims of SynQor's '083 and '034 patents would need to be tried regardless of the outcome of the reexaminations. ('286 case, Docket Entry # 289 at pg. 6).

In this case, a stay will not diminish the monetary damages to which SynQor will be entitled if it succeeds in its infringement suit against Vicor—"it only delays realization of those damages and delays any potential injunctive remedy." *Id.* Nor is SynQor's purported desire for a permanent injunction an adequate basis to deny a stay here. Although not dispositive, SynQor voluntarily withdrew its motion for preliminary injunction against Vicor in 2011, thus minimizing SynQor's argument as to the time sensitive nature of this issue. Finally, SynQor does not give any specific reason to worry about evidentiary prejudice or explain how a stay would prejudice any other aspect of its case preparation.

Without a more particularized showing of harm, the delay inherent in granting a stay does not constitute undue prejudice here. Vicor would not gain any tactical advantage from a stay. Considering this, and further considering a stay will not cause undue prejudice to SynQor, the Court finds this factor also weighs in favor of granting the stay.

C. The stage of the litigation does not weigh against a stay

Although this case is in its late stages with a preliminary pretrial conference set for January 13, 2016, no pretrial filing deadlines or firm trial date have been scheduled. Much work has been done, but there is still substantial work that needs to be done by the Court and the parties before this case will be ready for trial. A stay has the potential to reduce costs and avoid the expenditure of significant resources that would go into trial preparation and trial.

As discussed earlier, the reexaminations will streamline the case for trial. For any remaining issues, the Court will have the benefit of the PTO's review; SynQor and Vicor will be entitled to pursue their claims and counterclaims; and Vicor will be bound by the outcome of the reexaminations.

As explained in detail above, the lack of prejudice to the parties and the potential simplification of issues favor granting a stay. These factors outweigh the fact that substantial work has been completed on the issues involved in this case.

V. CONCLUSION

Having weighed the competing interests, the Court finds a stay is appropriate. Accordingly, it is

ORDERED Vicor Corporation's Motion to Stay (Docket Entry # 239) is **GRANTED**. It is further

ORDERED SynQor, Inc.'s Motion to Recalendar Final Pretrial Conference, Set a Pretrial Schedule, and Set a Trial Date (Docket Entry # 240) is **DENIED**. It is further

ORDERED the January 13, 2016 preliminary pretrial conference is **VACATED,** and this case is **STAYED** pending completion of the *inter partes* reexaminations and any appeals of the reexamination decisions to the Federal Circuit Court of Appeals. It is further

ORDERED the Clerk of the Court shall remove this matter from the active docket of the Court, and Vicor shall promptly advise the Court of the conclusion of the reexamination proceedings and any appeals to the Federal Circuit.

IT IS SO ORDERED.

SIGNED this 24th day of November, 2015.

CAROLINE M. CRAVEN
UNITED STATES MAGISTRATE JUDGE